



Small Business Resource Guide

COVID-19 Response



A Message from Congresswoman Lizzie Fletcher:

Dear Neighbor,

As we face the COVID-19 pandemic together, many of you have contacted me about the challenges facing small businesses and non-profit organizations that are pillars of our community.

As part of our ongoing efforts to respond to COVID-19, Congress passed the *CARES Act* to provide, among other things, resources for small businesses and non-profit organizations in the form of grants and loans that are administered by a network of local banks. There are two principal ways for small businesses to get grants and loans—which can be forgivable—through economic disaster loans and payroll protection program loans relating to COVID-19. These programs can provide meaningful relief for businesses in our community.

To help navigate this process, my team and I have prepared the following guide to provide a helpful framework for the application processes and different funding opportunities that are available to you.

If you need assistance with the Small Business Administration or other federal agencies, my team and I are here to help you. Call my office in Houston at (713) 353-8680 or visit my website to [submit your request for help with your case](#). Please do not hesitate to [share](#) your thoughts or questions as we face this challenge together.

I am honored to represent you, and I am here to help you.

Sincerely,



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Small Business Administration (SBA)

The United States Small Business Administration (SBA) empowers entrepreneurs and small business owners with the resources and support they need to start, grow, or expand their businesses, or recover from a declared disaster.

National Resources

- [United States Small Business Administration \(Loans\)](#)
- [United States Chamber of Commerce](#)
- [United States Small Business Administration Office of Entrepreneurial Development](#)
- [Office of Veterans Business Development](#)
- [Small Business Development Centers](#)

Texas/Houston-area Resources

- [Texas Secretary of State](#)
- [Texas Economic Development](#)
- [Office of the Governor's Small Business Handbook](#)
- [Houston SBA Guide](#) (*includes localized information for*):
 - Small business development centers
 - Women's business center
 - Veterans business outreach center
 - Programs for Veterans
 - Funding programs
 - Approved SBA lenders



In response to the COVID-19 pandemic, the SBA is offering assistance through two principal programs: Economic Injury Disaster Loans and the Paycheck Protection Program.

1. Economic Injury Disaster Loans

The SBA's Economic Injury Disaster Loan (EIDL) program provides small businesses with working capital loans of up to \$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.

Highlights

- Up to \$2 million in assistance
- May be used to pay fixed debts, payroll, accounts payable, and other expenses unable to be met due to COVID-19 pandemic
- Interest rates are 3.75% for small businesses without credit available elsewhere and 2.75% for non-profit organizations
- Loan is directly from the federal government (SBA)
- Applications must be submitted by June 30, 2020

Who Can Apply

- Small businesses (*businesses with 500 employees or less that have been operating for at least one year prior to the disaster*)
- Small agricultural cooperatives
- Most private non-profit organizations
- Eligibility verification can be completed by [clicking here](#)

Terms

- The term of these loans will not exceed 30 years
- The repayment term will be determined by your ability to repay the loan
- EIDL assistance is available only to small businesses when SBA determines they are unable to obtain credit elsewhere
- A business may qualify for both an EIDL and a physical disaster loan. The maximum combined loan amount is \$2 million

Emergency Economic Injury Grants

These grants provide an emergency advance of up to \$10,000 within three days of applying for an SBA Economic Injury Disaster Loan (EIDL). To access the Emergency Economic Injury Grants, request the grant under "Additional Information" at the end of your Economic Injury Disaster Loan application. The advance does not need to be repaid under any circumstance, and may be used to keep employees on payroll, to pay for sick leave, to meet increased production costs due to supply chain disruptions, or to pay business obligations, including debts, rent, and mortgage payments.



How to Apply

Economic Injury Disaster Loans

- [Website](#)
- SBA Customer Service Center Phone Number: 1-800-659-2955
- SBA Customer Service Center Email: disastercustomerservice@sba.gov
- Phone Number for individuals who are deaf or hard-of-hearing: 1-800-877-8339
- Houston-area SBA Office: 713-773-6500

Documentation Needed

- [Disaster Loan Application](#), completed and signed
- A Disaster Assistance loan officer may request you to fill out additional forms found [here](#)

Key Tips

- Review the United States Chamber of Commerce Small Business Guide and Checklist: [Click Here](#)
- Utilize the latest versions of Microsoft Edge or Internet Explorer
- Access the website outside of peak hours (*after 6:00 PM, before 8:00 AM*)
- Provide as much information as possible in order to make the process go as smoothly and efficiently as possible
- Applications must be submitted by June 30, 2020

Emergency Economic Injury Grants

- To access the Emergency Economic Injury Grant, request the grant under "Additional Information" at the end of your Economic Injury Disaster Loan application. This is the page where you will enter your bank account information. Receipt of the grant is not contingent upon approval of the loan.



2. Paycheck Protection Program

The Paycheck Protection Program (PPP) is designed to provide a direct incentive for small businesses to keep their workers on payroll by providing each small business a loan of up to \$10 million for payroll and certain other expenses. If all employees are kept on payroll for eight weeks and laid-off employees are rehired by June 30, SBA will forgive the portion of the loans used for payroll, rent, mortgage interest, or utilities.

Highlights

- Up to \$10 million in assistance
- Loans provided by current SBA lenders
- May be used for payroll, rent, mortgage interest, or utilities
- Up to 100 percent of the loan is forgivable

How to Apply

- Loans are provided directly through approved lenders, including local banks. Click here to review the [list of approved lenders](#)
- Beginning Friday, April 3, 2020, applications should be submitted directly to approved lenders
- Download a [sample application form here](#)

Who Can Apply

- Small business concerns, as well as any business concern, a 501(c)(3) non-profit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees, or the applicable size standard in number of employees for the North American Industry Classification System (NAICS) industry as provided by SBA
- Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals
- Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a NAICS code beginning with 72, for which the affiliation rules are waived
- Affiliation rules are also waived for any business concern operating as a franchise that is assigned a franchise identifier code by the Administration, and company that receives funding through a Small Business Investment Company
- Please note, businesses and entities must have been in operation on February 15, 2020

Terms (for any amount not forgiven)

- Maximum term of 10 years
- The maximum interest rate of 4%
- Zero prepayment fee (SBA will establish application fees caps for lenders that charge)



3. Assistance for Non-Profit Organizations

Non-profit organizations with under 500 employees are also eligible to receive financial assistance through Economic Injury Disaster Loans (EIDLs) and the Paycheck Protection Program (PPP), outlined on pages 5-7. The *Coronavirus Aid, Relief, and Economic Security (CARES) Act* also provides assistance through tax incentives for charitable giving and employee retention and through a loan program for mid-sized non-profits.

Incentivized Giving

The *CARES Act* incentivizes giving to non-profits by

- Creating a new above-the-line deduction (universal or non-itemized deduction that applies to all taxpayers) for total charitable contributions of up to \$300
 - The incentive applies to cash contributions made in 2020 and can be claimed on tax forms next year
- Lifting the existing cap on annual contributions for those who itemize, raising it from 60 percent of adjusted gross income to 100 percent
- Raising the annual limit on charitable contribution deductions for corporations from 10 percent to 25 percent
 - Food donations from corporations would be available to 25 percent, up from the current 15 percent cap

Staff Retention

The *CARES Act* works to ensure staff retention by

- Creating a refundable payroll tax credit of up to \$5,000 for each employee on the payroll when certain conditions are met
 - The entity had to be an ongoing concern at the beginning of 2020, experienced a whole or partial shutdown, and had seen a drop in revenue of at least 50 percent in the first quarter compared to the first quarter of 2019. The availability of the credit would continue each quarter until the organization's revenue exceeds 80 percent of the same quarter in 2019
 - Employees receiving Paycheck Protection Program loans are ineligible for this tax credit

[Click here](#) for additional non-profit resources, including information on loans for midsized non-profits.



4. Frequently Asked Questions

Not sure if you are a small business?

Learn more at <https://www.sba.gov/size-standards/>

What are Economic Injury Disaster Loans (EIDLs)?

EIDLs provide small businesses and non-profit organizations up to \$2 million to help meet financial obligations and operating expenses that could have been met had the disaster not occurred.

Who is eligible to apply for EIDLs?

Small businesses, small agricultural cooperatives, small aquaculture businesses, and most private non-profit businesses are eligible.

If I am self-employed or an independent contractor, can I still apply?

Yes, most self-employed individuals will be eligible for an EIDL if they have ongoing expenses or needs they have to meet in order to stay in operation.

How long does the application process and approval take?

On average, it takes 2-3 weeks for applications to be reviewed and an additional 5 days for closing and final payment, if approved. Once applications are received, a case manager will be assigned to each applicant. An initial disbursement of \$25,000 occurs within 5 days after the loan is approved.

What if I need immediate relief?

All applicants for an SBA Economic Injury Disaster Loan are eligible for an Emergency Economic Injury Grant of \$10,000 within three days of submission of the application. [Learn more here.](#)

How do I get forgiveness on my EIDL loan?

You must **first** apply for an EIDL and then **request** forgiveness from your lender on your loan. You must provide:

- Documentation verifying the number of employees on payroll and pay rates, including IRS payroll tax filings and State income, payroll and unemployment insurance filings
- Documentation verifying payments on covered mortgage obligations, lease obligations, and utilities
- Certification from a representative of your business or organization that is authorized to certify that the documentation provided is true and that the amount that is being forgiven was used in accordance with the program's guidelines for use



Is there help for debt relief?

Yes. The SBA Debt Relief Program allows small businesses who currently have a business relationship with an Express Lender to apply for up to \$25,000. Learn more by [clicking here](#).

What if I have pre-existing SBA loans, including other EIDLs from Hurricane Harvey?

You are still eligible to apply. Forbearance or deferment is possible for pre-existing SBA loans, including EIDL loans from previous disasters, like Hurricane Harvey. The SBA encourages small business owners to work with their banking institutions or the SBA in creating a deferment or forbearance plan.

Who is eligible for an Emergency Economic Injury Grant?

You are eligible for an Emergency Economic Injury Grant if you are eligible for an EIDL and have been in operation since January 31, 2020, when the public health crisis was announced. You may request the grant at the end of your Economic Injury Disaster Loan application.

How long are Emergency Economic Injury Grants available?

The grants are available from January 31, 2020 – December 31, 2020. The grants are backdated to January 31, 2020 to allow those who have already applied for EIDLs to be eligible to also receive a grant.

Am I eligible to receive the Emergency Economic Injury Grant if I applied for an EIDL before the *CARES Act* was passed?

Yes, you can still receive the Emergency Economic Injury Grant. The SBA recommends emailing them at disastercustomerservice@sba.gov with your application number and an explanation of your situation. Someone will be in touch to make sure you receive your grant.



Who is eligible for Paycheck Protection Program (PPP) Loans?

- Businesses and entities in operation on February 15, 2020
- Small business concerns, as well as any business concern, a 501(c)(3) non-profit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees, or the applicable size standard in number of employees for the North American Industry Classification System (NAICS) industry as provided by SBA, if higher
- Individuals who operate a sole proprietorship, as an independent contractor, and eligible self-employed individuals
- Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a NAICS code beginning with 72, for which the affiliation rules are waived
- Any business concern operating as a franchise that is assigned a franchise identifier code by the Administration, and receives funding through a Small Business Investment Company, for which the affiliation rules are waived.

If I get an EIDL and/or an Emergency Economic Injury Grant, can I get a PPP loan?

Whether you've already received an EIDL unrelated to COVID-19 or you receive a COVID-19 related EIDL and/or Emergency Grant between January 31, 2020 and June 30, 2020, you may also apply for a PPP loan. If you ultimately receive a PPP loan or refinance an EIDL into a PPP loan, any advance amount received under the Emergency Economic Injury Grant Program would be subtracted from the amount forgiven in the PPP. However, you cannot use your EIDL for the same purpose as your PPP loan. For example, if you use your EIDL to cover payroll for certain workers in April, you cannot use PPP for payroll for those same workers in April, although you could use it for payroll in March or for different workers in April.

For a full listing of URLs (links) in this document, view the Links Appendix at

https://fletcher.house.gov/uploadedfiles/sbaguide_linksappendix.pdf

Updated April 2, 2020



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